IN THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF MICHIGAN SOUTHERN DIVISION

MICHAEL J. QUILLING, Receiver § for Advanced Financial Services, Inc., § § § § Plaintiff, Civil Action No. 1:03-CV-0236 § vs. TRADE PARTNERS, INC., MACATAWA § BANK CORPORATION, successor by merger to GRAND BANK, THOMAS J. § SMITH and CHRISTINE M. ZMUDKA, § § Defendants.

REPORT AND RECOMMENDATION

On September 19, 2006 the Court conducted a hearing on the Receiver's Motion to Disallow/Reclassify/Offset Claim Nos. A-01616 and A-01733 (Elkins) [Docket No. 1344]. At that time, the parties announced to the Court that they had reached a settlement regarding Claim Nos. A-01616 and A-01733. After hearing the terms of the settlement, the Court finds that it is in the best interest of the Receivership Estate.

Accordingly, the Magistrate Judge recommends that Claim No. A-01616 be withdrawn in its entirety and that Claim No. A-01733 be allowed as an unsecured "A" claim in the amount of \$150,000.00.

The Magistrate Judge further recommends that the Receiver's Motion be denied as moot.

Respectfully submitted,

Date: September 22, 2006

/s/ Ellen S. Carmody

ELLEN S. CARMODY

United States Magistrate Judge

OBJECTIONS to this Report and Recommendation must be filed with the Clerk of Court within ten (10) days of the date of service of this notice. 28 U.S.C. § 636(b)(1)(C). Failure to file objections within the specified time waives the right to appeal the District Court's order. *Thomas* v. Arn, 474 U.S. 140, 155 (1985); *United States v. Walters*, 638 F.2d 947, 949-950 (6th Cir. 1981).